

DEFENSE SPENDING | APRIL 2013

Making the Case: How Obama's Defense Budget Strengthens Security

By Mieke Eoyang

Despite what the critics would have you believe, the President's FY2014 budget strengthens our national security, because it:

1. Provides robust spending levels for the military—greater than other proposed budgets;
2. Tackles long-term cost growth; and
3. Supports a flexible, modern military.

The President's budget strengthens our national security by providing robust funding, tackling long-term cost growth, and giving us the modern, flexible force we need today—and in the future.

ROBUST MILITARY FUNDING

The President is requesting \$613 billion in national security funding, of which \$526.6 billion is for the Department of Defense.¹ This is roughly the same amount the White House requested last year.

- The President's budget provides more defense spending than any of the major alternatives considered in Congress, including the Ryan budget.
- It would reverse the cuts imposed by sequestration, providing more robust funding for the military than those levels.

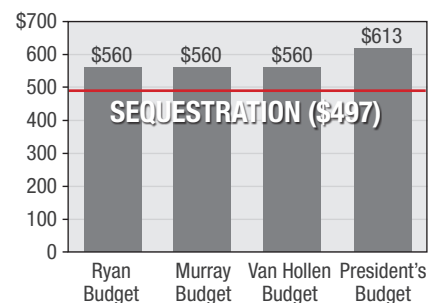
Some critics single out the President's budget because it is not under the sequester cut levels,³ but this charge misses the point. Our senior military leaders have testified to the devastating effects that sequestration has on the military, and the President's budget would reverse those cuts.

MAKING THE CASE

The President's budget provides robust spending for a strong national defense.

FY 2014 National Security Budget Comparisons²

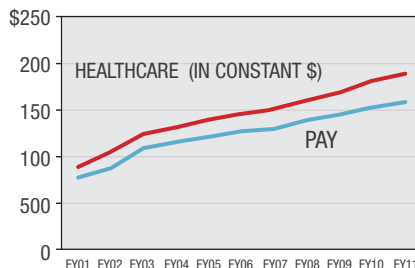
(billions, in 050 budget function)



MAKING THE CASE

The President's budget begins to tackle rising, long-term costs to prevent them from crippling our security later.

Personnel Cost Growth⁵ (Millions)



TACKLING LONG TERM COSTS

In this era of constrained budgets, rising costs in certain areas of DOD are crowding out other areas. Specifically, the price of health care and military compensation is rising faster than inflation. The President's budget provides the groundwork to bring those costs under control so they don't cripple our military later.

Military Health Care

The President's budget is beginning to control rising military health care costs. As the largest employer in the country, DOD is affected by the rising cost of providing health care to its personnel and retirees.⁴ Most of DOD's health care costs are driven by its retiree population, not those who leave short of 20 years and receive their care in the VA health care system.

The President's budget includes a proposal to increase the TRICARE fee for working-age (under-65) military retirees. It would tie the fee to a percentage of the individual's retired pay, capped at a certain amount. That percentage is rising over time, from 2.95% in 2014 to 4% in 2018.⁶

Military Compensation Reform

The President's budget lays the groundwork to re-evaluate rising military personnel costs. DOD spends nearly a quarter of its budget on military personnel, primarily on pay and benefits.⁷

This year, the budget lifts a pay freeze to include a 1% pay raise for military personnel and DOD civilians.⁸ This is lower than what is comparable in the private sector.

These costs are increasing over time. If they are not brought under control, they will either compress other parts of the defense budget or force the military to do more with fewer people.

The Administration and Congress started the process of reviewing military compensation last year by creating the "Military Compensation and Retirement Modernization Commission," which will spend up to two years studying military compensation and providing suggestions for

improvements. Afterwards, Congress and the Administration can consider more comprehensive reforms.

Given the complexity of these problems, the Administration cannot tackle them alone. Congress should take this year to study how to reduce costs and improve efficiencies. Congress must also be a full partner in reform; if it is not, it will share the blame as neglect takes a further toll on the defense budget.

FUNDING A MODERN, FLEXIBLE MILITARY

Unlike after the collapse of the Soviet Union in the 1990s, the Administration isn't just shrinking the size of our military, but reshaping it to create a modern, flexible force.

First, the military is moving away from Cold War-era legacy systems designed to fight the Soviet Union towards new technologies that can address threats posed by terrorists in hard-to-reach places, or cyberattacks from other adversaries.

- The Pentagon isn't purchasing any new M1 Abrams tanks and is greatly reducing the number of Army armored ground vehicles.¹⁰
- Instead, the budget provides for a robust arsenal of drones and increases funding for cyberspace operations by \$800 billion.¹¹

Some legacy programs will be defended by their protectors in Congress, but the huge deficits we face mean that the U.S. will have to make some hard choices.

Second, the budget allows us to turn our focus to new challenges in Asia by reinvesting in our naval and air services.

- The budget includes robust funding for missile defense to address the threats from North Korean saber-rattling and Iran's nuclear ambitions.
- The President's strategy calls for a renewed focus on the Pacific to address the security challenges posed in that region. Pacific distances are great, so America will need to invest in air and sea capabilities.
- The budget includes increased funding for Virginia class submarines, C-130 cargo planes, and continued funding for next-generation aircraft carriers.

MAKING THE CASE

The President's budget funds a modern, flexible military.

“The task ahead for the department is to prepare for the future, but not in a way that neglects, or is oblivious to, the realities of the present.”

— Sec. of Defense Chuck Hagel
April 10, 2013⁹

Finally, Secretary Hagel has ordered the military to conduct a “Strategic Choices and Management Review” to make sure we have the tools we need to deal with the threats we face now and in the future. This review will inform future force structure and reductions for the Pentagon.

CONCLUSION

The President’s budget strengthens our national security by providing robust funding, tackling long term cost growth, and giving us the modern flexible force we need today and in the future.

THE AUTHOR

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1 United States, Executive Office of the President, Office of Management and Budget, “Budget of the United States Government, Fiscal Year 2014,” Department of Defense, April 2013, p.4. Accessed April 15, 2013. Available at: <http://www.whitehouse.gov/omb/budget/Overview>. Amount also includes funding for the Department of Energy’s work on nuclear security.

2 United States, Congress, House of Representatives, House Budget Committee, “The Path to Prosperity: A Responsible, Balanced Budget: Fiscal Year 2014 Budget Resolution,” Function by Function Table, March 2013. Accessed April 15, 2013. Available at: <http://budget.house.gov/fy2014/>; See also United States, Congress, Senate, Senate Budget Committee, “Foundation for Growth: Restoring the Promise of American Opportunity,” Summary Table, March 13, 2013. Accessed April 15, 2013. Available at: <http://www.budget.senate.gov/democratic/>; See also “Budget of the United States Government, Fiscal Year 2014”; See also United States, Congress, House of Representatives, Committee on the Budget, “FY2014 Democratic Budget Summary and Tables,” March 18, 2013, p. 9. Accessed April 17, 2013. Available at: <http://democrats.budget.house.gov/committee-report/fy2014-democratic-budget-summary-and-tables>.

3 Mackenzie Eaglen, “Obama’s 2014 defense budget: A recipe for continued uncertainty,” American Enterprise Institute, April 10, 2013. Accessed April 17, 2013. Available at: <http://www.aei.org/article/foreignand-defense-policy/defense/obamas-2014-defense-budget-a-recipe-for-continued-uncertainty/>.

4 Mieke Eoyang and Julie Zelnick, “Rising DOD Health Care Costs Threaten National Security,” Report, Third Way. Available at: <http://www.thirdway.org/publications/515>.

5 Data compiled from United States, Department of Defense, Office of the Under Secretary of Defense (Comptroller), “National Defense Budget Estimates,” 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011. Accessed April 22, 2013. Available at: <http://comptroller.defense.gov/Budget2014.html>.

6 Tom Philpott, “Obama Budget: Increase TRICARE Fees and Cap Pay,” Military.com, April 11, 2013. Accessed April 15, 2013. Available at: <http://www.military.com/benefits/2013/04/11/mil-update-obamaseeks-to-cap-pay-and-up-tricare-fees.html>.

7 United States, Congress, Congressional Budget Office, “Costs of Military Pay and Benefits in the Defense Budget,” Report, November 2012, p.1. Available at: <http://www.cbo.gov/publication/43574>.

8 “Budget of the United States Government, Fiscal Year 2014,” p.4.

9 United States, Department of Defense, “DOD News Briefing by Secretary Hagel and Gen. Dempsey on the Fiscal 2014 Defense Budget Proposal from the Pentagon,” News Briefing on Fiscal 2014 Defense Budget Proposal from the Pentagon by Secretary of Defense Chuck Hagel, April 10, 2013. United States, Department of Defense, Office of the Assistant Secretary of Defense (Public Affairs), “DOD News Briefing by Secretary Hagel and Gen. Dempsey on the Fiscal 2014 Defense Budget Proposal from the Pentagon,” News Briefing, April 10, 2013. Accessed April 16, 2013. Available at: <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5214>.

10 United States, Department of Defense, Office of the Under Secretary of Defense (Comptroller), “Program Acquisition Costs by Weapons System FY2014 Multiyear Procurement Exhibits,” Summary Table, April 2013. Available at: <http://comptroller.defense.gov/Budget2014.html>.

11 Andy Sullivan, “Obama budget makes cybersecurity a growing U.S. priority,” Reuters, April 10, 2013. Accessed April 15, 2013. Available at: <http://news.yahoo.com/obama-budget-makes-cybersecurity-growing-u-priority-015835978.html>.